



ARLINGTON FINANCE COMMITTEE  
MINUTES OF MEETING  
COMMUNITY SAFETY BUILDING  
O'NEILL ROOM  
7:30 PM 2/14/18

ATTENDEES:

Deyst	White*	Caccavaro*	Kellar	McKenna*
DeCoursey*	Wallach*	Harmer*	Gibian	
Tosti*	Foskett	Bayer**	Duvadie	
Hansberry*	Beck	Jones*	Deshler	
Franclemont*	Howard*	Fanning	Levy*	Diggins*

\*Indicates present \*\*Indicates present electronically

VISITORS: Town Manager Adam Chapdelaine, Deputy Town Manager Sandy Pooler

LONG RANGE PLAN: Chapdelaine reviewed the history of this document and its importance to maintaining the financial health of the Town within the constraints of Prop 2 ½. Pooler explained the entries in the plan (Rev 1) starting with revenues. He used the cherry sheet (Ref 2) to explain state aid with emphasis on Chapter 70, school aid. Because of formula changes & school population growth, Chapter 70 has increased. He explained free cash and the policy of appropriating only half of it. He defined new growth and its effect on the property tax including its recent history (Ref 2). He noted that FY19 will be the 1<sup>st</sup> year that funds will be withdrawn from the Stabilization Fund. He also reviewed the appropriations, noting the growth limitations on each line item. They are working with Minuteman Tech to level the construction bond payments. The new State property tax reassessment cycle requirements have not been incorporated. Chapdelaine reviewed considerations for timing a debt exclusion and operating override by the BoS and the dependence of this decision on the progress of the AHS project. He stated that the DPW renovation planning has begun and is being coordinated w/ AHS planning. The Chair noted that all these projections assume a healthy economy.

WARRANT REVIEW: The Chair went through the draft warrant and, with the committee, selected articles that the FinCom may report on will request proponents to come to a hearing. Diggins has begun to schedule these hearings.

BUDGETS:

POLICE: Community Safety SubCom Harmer, supported by Bayer, recommended the budget as printed. There are 3 vacant positions. The Chief has no plans to fill them right away. Other budget changes are intended to more accurately reflect actual expenses. VOTED \$8,214,590 less \$57,624 parking fund offset for a net \$8,156,966. Unanimous.

FIRE: Community Safety SubCom Harmer, supported by Bayer, recommended the budget as printed. Like the police budget, there are no big changes. Neither budget is expected to need a reserve fund transfer.

VOTED \$7,467,629 less \$200,121 ambulance revenue for a net \$7,267,508. Unanimous.

INSPECTIONS: Community Safety SubCom Harmer, supported by Bayer, recommended the budget as printed. This budget is level funded. The director is

working to fill the vacancies. Revenues from inspections were \$1.35m in FY17 and are projected to be 1.7m in FY18 and \$2m in FY19. VOTED \$495,994 Unanimous COMMITTEE

The FinCom observed a moment of silence in honor of the victims of the recent Florida school shooting.

Both new members were welcomed.

No meeting next Monday.

RESERVE FUND Balance: \$1,436,230.17

Peter Howard 2/15/18 Revised 2/21/18

Ref 1 Long Term Plan

Ref 2 Cherry Sheet

# Long Range Financial Projection

Long Range Planning Meeting  
February 7, 2018

## Explanation of Terms

### I REVENUE

A. State Aid

School Construction Aid

B. Local Receipts

C. Free Cash

D. Overlay Reserve Surplus

E. Property Tax

F. Override Stabilization Fund

TOTAL REVENUES

### II APPROPRIATIONS

A. Operating Budgets

School

General Education Costs  
Special Education Costs  
Kindergarten Fee Offset

Growth Factor

Net School Budget

Minuteman  
Town  
Personnel Services  
Expenses  
Enterprise Fund/Other

Net Town Budget

MWRA Debt Shift

B. Capital budget

Exempt Debt Service  
Non-Exempt Service  
Cash

Offsets/Capital Carry Forward  
Total Capital

C. Pensions

D. Insurance

E. State Assessments

F. Offset Aid - Assistance to Libraries

G. Overlay Reserve

H. Fixed Costs - Res, Fund & Elections

I. Other Court Judgments/Symmes

J. Warrant Articles

K. Override Stabilization Fund

L. TOTAL APPROPRIATIONS

BALANCE

Reserve Balances

State Aid as reported on the Cherry Sheets, including CH, 70 School Aid, Unrestricted General Government Aid (UGGA), and others.

Reimbursement for school construction costs from an old state program. These payments run out in FY2021.

Fees, Fines, Penalties, Interest, Motor Vehicle Excise Taxes, etc. Assumption: Increase by \$100,000 per year.

Free Cash is equivalent to the previous year's operating surplus. Assumption: Half of the ten year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve.

The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a larger amount is released

Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the voters, plus the Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added, in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund balance is reported in the

Total General Fund Revenues.

Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to enrollment growth (Growth Factor, below).

Costs of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year.

When the Arlington School Department adopted a full day kindergarten program, it eliminated fees for previous program, and the Town began receiving state aid for those students. The Offset replaces the fees the School D

An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost 35% of the The Total School Department Budget.

Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.

Town employees salaries and wages. Assumption: Annual growth of 3.25%

Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%

Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%

Personnel Services plus Expenses, minus Offsets.

The Town adopted a state law that allows it to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Assumption: \$5,593,112 per

Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are exactly matched. Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars. Items in the annual Capital Plan paid for with cash.

Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items.

Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.

Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.

Health, property, and liability insurance. Assumption: Updated annually with latest enrollment figures and insurance rates. Future costs include projected teacher staffing increases to meet increased student populations, plus

Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2).

Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to Libraries is one such example. Assumption: Current year assessment will continue unchanged.

Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.

Reserve fund equals 1% of annual revenues. It is available to the Finance Committee to pay unanticipated and extraordinary costs, such as snow and ice removal. Election's costs vary each year depending on the number of

Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid off in FY2022.

Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.

In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.

The total of all items under II Appropriations. The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.

Free Cash An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.

Stabilization Fund A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.

Override Stabilization Fund The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purposes of bal

Municipal Bldg. Ins. Trust Fund A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance policies v

TOTAL: Total reserves.

% of General Fund Revenue Total reserves as a percent of total revenue.

# Long Range Financial Projection

Long Range Planning Meeting  
February 7, 2018

	FY 2018 RECAP	FY 2019	Dollar Change	Percent Change	FY 2020	Dollar Change	Percent Change	FY 2021	Dollar Change	Percent Change	FY 2022	Dollar Change	Percent Change	FY 2023	Dollar Change	Percent Change
I. REVENUE																
A. State Aid	19,207,083	19,807,315	600,252	3.13%	20,001,105	193,790	0.98%	20,198,832	195,727	0.98%	20,394,516	197,684	0.98%	20,594,177	199,661	0.98%
School Construction Aid	1,615,914	476,523	(1,139,391)	-70.51%	476,523	0	0.00%	476,523	0	0.00%	0	(476,523)	-100.00%	0	0	0.00%
B. Local Receipts	9,071,000	9,171,000	100,000	1.10%	9,271,000	100,000	1.09%	9,371,000	100,000	1.08%	9,471,000	100,000	1.07%	9,571,000	100,000	1.06%
C. Free Cash	4,850,566	4,593,375	(257,191)	-5.30%	2,901,145	(1,692,230)	-36.84%	2,901,145	0	0.00%	2,901,145	0	0.00%	2,901,145	0	0.00%
D. Overlay Reserve Surplus	500,000	200,000	(300,000)	-60.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%
E. Property Tax	117,255,201	121,229,281	3,974,080	3.39%	124,596,041	3,366,760	2.78%	127,975,623	3,379,582	2.71%	131,368,752	3,393,129	2.65%	134,881,105	3,512,353	2.67%
F. Override Stabilization Fund		3,296,761			8,582,041			11,472,501								
TOTAL REVENUES	152,499,744	158,776,255	6,276,511	4.12%	166,027,855	7,251,600	4.57%	172,593,624	6,565,769	3.95%	174,335,413	(8,258,211)	-4.78%	178,147,427	3,812,014	2.32%
II. APPROPRIATIONS																
A. Operating Budgets																
School																
General Education Costs	38,787,542	42,860,305	4,072,763	10.50%	45,221,515	2,361,210	5.51%	47,781,869	2,560,354	5.66%	50,087,396	2,305,527	4.83%	52,661,032	2,573,636	5.14%
Special Education Costs	20,037,415	21,440,034	1,402,619	7.00%	22,940,836	1,500,802	7.00%	24,546,695	1,605,859	7.00%	26,264,964	1,718,269	7.00%	28,103,511	1,838,547	7.00%
Kindergarten Fee Offset	970,000	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%
Growth Factor	1,133,528	831,980	(301,548)	-26.60%	944,542	112,562	13.53%	611,750	(332,792)	-35.23%	792,828	181,078	29.60%	665,584	(127,244)	-16.05%
Net School Budget	60,928,485	66,102,319	5,173,834	8.49%	70,076,893	3,974,574	6.01%	73,910,314	3,833,421	5.47%	78,115,188	4,204,874	5.69%	82,400,127	4,284,939	5.49%
Mintitueman: Operating and Capital	4,291,333	4,936,724	645,391	15.04%	5,109,509	172,765	3.50%	5,288,342	178,833	3.50%	5,473,434	185,092	3.50%	5,665,004	191,570	3.50%
Town	26,722,171	27,679,831	957,660	3.58%	28,579,428	899,595	3.25%	29,508,257	928,831	3.25%	30,467,275	959,018	3.25%	31,457,461	990,186	3.25%
Personnel Services	10,314,386	10,518,852	204,466	1.98%	10,860,715	341,863	3.25%	11,213,688	352,973	3.25%	11,578,133	364,445	3.25%	11,954,422	376,289	3.25%
Expenses																
Enterprise Fund/Other	2,436,791	2,479,812	43,021	1.77%	2,560,408	80,594	3.25%	2,643,619	83,213	3.25%	2,729,537	85,918	3.25%	2,818,247	88,710	3.25%
Net Town Budget	34,599,766	35,718,871	1,119,105	3.23%	36,879,735	1,160,864	3.25%	38,078,326	1,198,591	3.25%	39,315,871	1,237,545	3.25%	40,593,636	1,277,765	3.25%
MWRA Debt Shift	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%
B. Capital budget																
Exempt Debt Service	3,175,427	1,938,973	(1,236,454)	-38.94%	1,871,604	(67,369)	-3.47%	1,781,204	(90,400)	-4.83%	1,191,079	(590,125)	-33.13%	1,159,032	(32,047)	-2.69%
Non-Exempt Service	7,281,819	6,629,730	(652,089)	-8.96%	6,542,481	(87,249)	-1.32%	6,947,711	405,230	6.19%	7,173,295	225,584	3.25%	7,051,990	(121,305)	-1.69%
Cash	3,941,928	2,695,027	(1,246,901)	-31.63%	2,676,735	(18,292)	-0.68%	2,419,060	(257,675)	-9.63%	2,225,544	(193,516)	-8.00%	2,213,363	(12,161)	-0.55%
Offsets/Capital Carry Forward	(2,875,349)	(907,166)	1,968,183	-68.45%	(361,629)	545,537	-60.14%	(317,138)	44,491	-12.30%	(387,057)	(69,919)	-22.05%	(351,743)	35,314	-9.12%
Total Capital	17,523,825	10,356,564	(7,167,261)	-40.89%	10,729,191	372,627	3.60%	10,830,837	101,646	0.95%	10,202,861	(627,976)	-5.80%	10,072,662	(130,199)	-1.28%
C. Pensions	10,141,735	10,765,545	623,810	6.15%	11,357,650	592,105	5.50%	11,982,321	624,671	5.50%	12,641,349	659,028	5.50%	13,336,623	695,274	5.50%
D. Insurance	17,239,561	17,907,486	667,925	3.87%	19,032,346	1,124,860	6.28%	20,154,991	1,122,645	5.90%	21,378,213	1,223,222	6.07%	22,643,575	1,265,362	5.92%
E. State Assessments	3,240,429	3,341,106	100,677	3.11%	3,423,233	82,127	2.46%	3,507,412	84,179	2.46%	3,593,697	86,285	2.46%	3,682,138	88,441	2.46%
G. Overlay Reserve	1,156,229	800,000	(356,229)	-30.81%	600,000	(200,000)	-25.00%	600,000	0	0.00%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%
H. Reserve Fund	1,506,440	1,554,775	48,335	3.21%	1,574,458	19,683	1.27%	1,611,211	36,753	2.33%	1,643,354	32,143	1.99%	1,681,474	38,120	2.32%
I. Court Judgments/Symmes	748,338	771,250	22,912	3.06%	773,225	1,975	0.26%	771,950	(1,275)	-0.16%	767,450	(4,500)	-0.58%	100,000	(667,450)	-86.97%
J. Warrant Articles	1,319,355	928,503	(390,852)	-29.62%	878,503	(50,000)	-5.39%	928,503	50,000	5.69%	878,503	(50,000)	-5.39%	928,503	50,000	5.69%
K. Override Stabilization Fund	211,136															
L. TOTAL APPROPRIATIONS	152,499,744	158,776,255	6,276,511	4.12%	166,027,855	7,251,600	4.57%	173,257,319	7,229,464	4.35%	180,403,032	7,145,713	4.12%	187,296,854	6,893,822	3.82%
BALANCE	0	0	0		0	0		(663,695)			(16,067,619)			(19,149,427)		
Reserve Balances	9,186,749	5,802,290	(3,384,459)	-36.84%	5,802,290			5,802,290			5,802,290			5,802,290		
Stabilization Fund	3,187,057	3,382,669	195,612	6.15%	3,584,149			3,791,674			4,005,424			4,225,586		
Override Stabilization Fund	23,353,303	20,054,542	(3,298,761)	-14.12%	11,472,501			0			0			0		
Override Bldg. Ins. Trust Fund	757,006	779,716	22,710	3.00%	803,107			827,201			852,017			877,577		
Municipal Bldg. Ins. Trust Fund																
% of General Fund Revenue	36,484,115	30,019,217	(6,464,898)	-18.9%	21,662,047	13.0%		10,421,164	6.0%		10,659,730	6.5%		10,905,454	6.5%	
	23.9%															

The plan does not include any potential impacts of an Arlington High School Project

The plan does not include any projected revenues or expenditures from the Community Preservation Act

Actual/Proj. Annual Growth	FY 2018**	FY 2019**	FY 2020*	FY 2021*	FY 2022*	FY 2023*
	242	170	193	125	162	136
** Actual Growth - Based on 35% of FY14 DESE Per Pupil Cost of \$13,085 = Growth Factor of \$4,580 X Enrollment Growth and FY15 PPC Cost of \$13,383 = \$4,684 X Enrollment Growth						
* Projected Growth- Based on 35% of FY16 DESE Per Pupil Cost of \$13,984 = \$4,894 X Enrollment Growth						

## Arlington Cherry Sheet Receipts

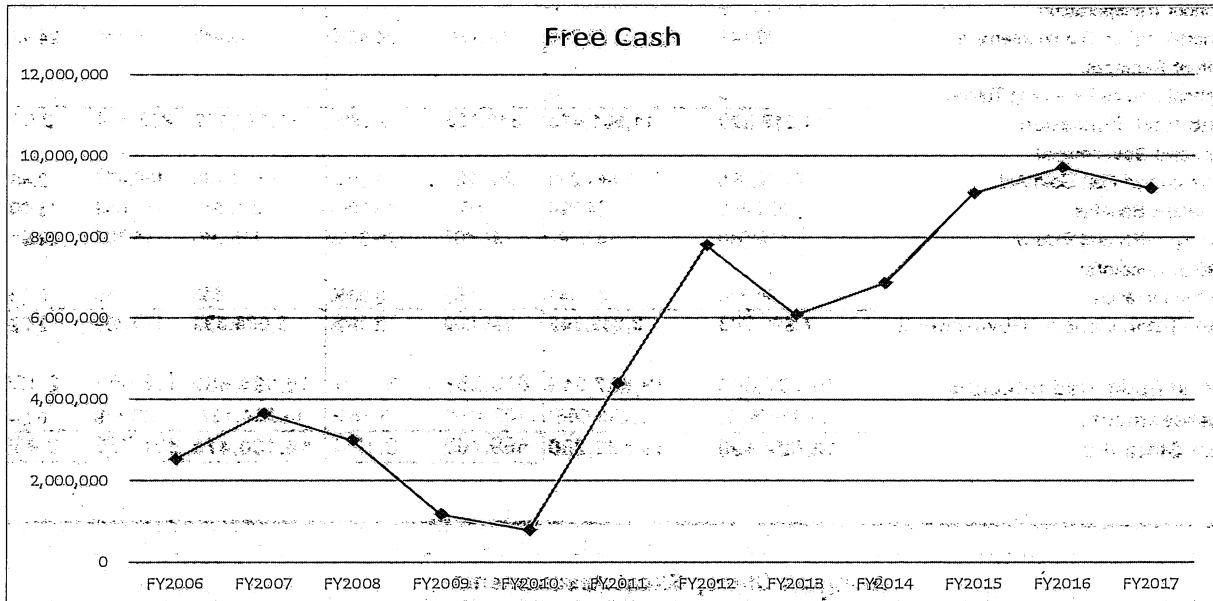
	FY2018 Cherry Sheet Final	FY2019 Governor's Budget Proposal	\$ Δ FY18 to FY19	% Δ FY18 to FY19	LRP	\$ Δ From LRP	% Δ From LRP
<b>Education:</b>							
Chapter 70	11,180,879	11,534,686	353,807	3.16%	11,292,688	241,998	2.14%
School Transportation	0	0					
Charter Tuition Reimbursement	35,441	26,787	(8,654)	-24.42%	35,441	-8,654	-24.42%
<b>Offset Receipts:</b>							
School Choice Receiving Tuition	0	0					
<b>Sub-total, Education</b>	<b>11,216,320</b>	<b>11,561,473</b>	<b>345,153</b>	<b>3.08%</b>	<b>11,328,129</b>	<b>233,344</b>	<b>2.06%</b>
<b>General Government:</b>							
Unrestricted Gen Govt Aid	7,578,995	7,844,260	265,265	3.50%	7,654,785	189,475	2.48%
Veterans Benefits	239,852	194,794	(45,058)	-18.79%	239,852	-45,058	-18.79%
Exemp: VBS and Elderly	116,040	150,747	34,707	29.91%	116,040	34,707	29.91%
<b>Offset Receipts:</b>							
Public Libraries	55,856	56,041	185	0.33%	55,856	185	0.33%
<b>Sub-Total, General Government</b>	<b>7,990,743</b>	<b>8,245,842</b>	<b>255,099</b>	<b>3.19%</b>	<b>8,066,533</b>	<b>179,309</b>	<b>2.22%</b>
<b>Total Estimated Receipts</b>	<b>19,207,063</b>	<b>19,807,315</b>	<b>600,252</b>	<b>3.13%</b>	<b>19,394,662</b>	<b>412,653</b>	<b>2.13%</b>
<b>Assessments</b>	<b>(3,184,573)</b>	<b>(3,285,065)</b>	<b>(100,492)</b>	<b>3.16%</b>	<b>(3,264,187)</b>	<b>-20,878</b>	<b>0.64%</b>
<b>Net State Aid</b>	<b>16,022,490</b>	<b>16,522,250</b>	<b>499,760</b>	<b>3.12%</b>	<b>16,130,475</b>	<b>391,775</b>	<b>2.43%</b>

## Arlington Cherry Sheet Assessments

	FY2018 Cherry Sheet Final	FY2019 Governor's Budget Proposal	\$ Δ FY18 to FY19	% Δ FY18 to FY19	LRP	\$ Δ From LRP	% Δ From LRP
<b>State Assessments and Charges:</b>							
Air Pollution Districts	16,571	16,999	428	2.58%	16,985	14	0.08%
Metropolitan Area Planning Council	22,842	23,348	506	2.22%	23,413	-65	-0.28%
RMV Non-Renewal Surcharge	39,520	39,520	0	0.00%	40,508	-988	-2.44%
<b>Sub-Total, State Assessments:</b>	<b>78,933</b>	<b>79,867</b>	<b>934</b>	<b>1.18%</b>	<b>80,906</b>	<b>-1,039</b>	<b>-1.28%</b>
<b>Transportation Authorities:</b>							
MBTA	2,889,964	2,962,802	72,838	2.52%	2,962,213	589	0.02%
Boston Metro. Transit District	759	759	0	0.00%	778	-19	-2.44%
Regional Transit	0	0					
<b>Sub-Total, Transp Authorities:</b>	<b>2,890,723</b>	<b>2,963,561</b>	<b>72,838</b>	<b>2.52%</b>	<b>2,962,991</b>	<b>570</b>	<b>0.02%</b>
<b>Annual Charges Against Receipts:</b>							
Special Education	12,685	28,925	16,240	128.03%	13,002	15,923	122.46%
STRAP Repayments	0	0					
<b>Sub-Total, Annual Charges:</b>	<b>12,685</b>	<b>28,925</b>	<b>16,240</b>	<b>128.03%</b>	<b>13,002</b>	<b>15,923</b>	<b>122.46%</b>
<b>Tuition Assessments:</b>							
School Choice Sending Tuition	11,700	23,400	11,700	100.00%	11,993	11,408	95.12%
Charter School Sending Tuition	190,532	189,312	-1,220	-0.64%	195,295	-5,983	-3.06%
<b>Sub-Total, Tuition Assessments:</b>	<b>202,232</b>	<b>212,712</b>	<b>10,480</b>	<b>5.18%</b>	<b>207,288</b>	<b>5,424</b>	<b>2.62%</b>
<b>Total Estimated Charges:</b>	<b>3,184,573</b>	<b>3,285,065</b>	<b>100,492</b>	<b>3.16%</b>	<b>3,264,187</b>	<b>20,878</b>	<b>0.64%</b>

LRP long range plan

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Free Cash	2,509,471	3,637,574	2,995,814	1,164,101	770,499	4,379,408	7,793,055	6,085,848	6,871,692	9,074,598	9,701,131	9,186,749
12 Year Average										4,528,206	4,998,472	5,347,495
10 Year Average										4,528,206	5,247,372	5,802,290
5 Year Average										6,840,920	7,905,265	8,184,004
12 Year Median										4,008,491	4,379,408	5,232,628
10 Year Median										4,008,491	5,232,628	6,478,770
5 Year Median										6,871,692	7,793,055	9,074,598
12 Year, drop high and low											4,451,156	5,369,831



Fiscal Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Total New Growth	\$640,013	\$642,912	\$726,955	\$656,751	\$522,167	\$657,203	\$1,393,953	\$1,255,293	\$1,337,666	\$1,070,144	\$1,263,812
Less Brigham's						(128,657)	(180,666)				
Less Symmes						(12,142)	(764,490)	(307,971)			
Adjusted Growth	\$640,013	\$642,912	\$726,955	\$656,751	\$522,167	\$516,404	\$448,797	\$947,322	\$1,337,666	\$1,070,144	\$1,263,812
10 Year Avg.										\$750,913	\$813,293
10 Year Median										\$649,832	\$691,853

